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Foreign CROPS AND MARKETS

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FOR RELEASE

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UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF FOREIGN AGRICULTURAL RELATIONS
WASHINGTON 25, D.C.

LATE NEWS

Philippine copra prices have moved rapidly upward. During June copra was quoted at $140.00 per short ton c.i.f. Pacific Coast and about $135.00 f.o.b. European shipments. By the end of August Philippine sellers were asking $187.50 to $190.00 c.i.f. Pacific Coast.

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Lard was derationed in Denmark on August 4, 1949 according to the American Embassy, Copenhagen. The high price of Danish lard in world markets did not permit exports and the domestic supplies increased, obviating the need for rationing.

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FOREIGN CROPS AND MARKETS

Published weekly to inform producers processors, distributors and consumers of farm products of current developments abroad in the crop and livestock industries, foreign trends in prices and consumption of farm products, and world agricultural trade. Circulation of this periodical is free to those needing the information it contains in farming, business, and professional operations. Issued by the Office of Foreign Agricultural Relations of the U.S. Department of Agriculture, Washington 25, D.C.

FORECAST 6 PERCENT DROP IN NORTH TEMPERATE ZONE TOBACCO PRODUCTION

Based on preliminary estimates, the North Temperate zone's harvest of leaf tobacco during 1949 is forecast at 5,140 million pounds, or about 6 percent below the 1948 production of about 5,470 million pounds.

The 1949 crop forecast is about 3 percent below the 1947 harvest but still 15 percent above the prewar, 1935-39, average. The decrease in production estimated for China more than accounts for the overall decline. The combined production for all countries, excluding China, would show a slight increase over 1948. Since reliable estimates are still unavailable for China and several other important producing countries the present forecast is subject to considerable change.

As a result of increased production in the United States, the north temperate zone's 1949 production of flue-cured tobacco, the principal type entering world trade, may be slightly above the 1948 output. It is anticipated, however, that a large part of the increase in 1949 production in the United States will be offset by a smaller crop in China. In the case of oriental or Turkish-type tobacco, another important type entering world trade, it is anticipated that the 1949 harvest will be somewhat above the 1948 output.

The 1949 production of light air-cured types, which are grown to some extent in most tobacco producing countries, is expected to be below the 1948 output, as a result of the anticipated decline in China. The production of dark types, including cigar leaf, may about equal the 1948 outturn.

North America. Canada's 1949 tobacco crop is estimated at 127 million pounds, or about the same as in 1948. The area planted to tobacco was somewhat larger in 1949, but a decline in the yield per acre is expected as result of unfavorable weather during the growing season. The indicated 1949 crop is 19 percent above the 1947 harvest and 66 percent above the 1935-39 average of about 77 million pounds.

The United States crop was forecast as of August 1 at 2,019 million pounds, as compared with the 1948 harvest of 1,982 million pounds and the prewar, 1935-39, production of 1,460 million pounds. The 1949 indicated production of flue-cured leaf of 1,161 million pounds is about 7 percent above the 1948 harvest of 1,090 million pounds. A decline of 11 percent is forecast for fire-cured leaf, 3 percent for Burley, 1 percent for dark air-cured and 5 percent for cigar. An increase of 7 percent is forecast for Maryland leaf.

Europe. The 1949 production of tobacco in Europe, excluding the U.S.S.R., is estimated to about equal the large 1948 crop. Increases over 1948 are reported for France, Germany, Hungary and Switzerland. Lower production is reported for Czechoslovakia, Italy, Sweden and several other minor tobacco-producing countries. The total 1948 production for Europe is estimated at 800 million pounds from 920,000 acres, as compared with a revised 1948 production of 800 million pounds from 905,000 acres and the prewar, 1935-39, average of 675 million pounds from 680,000 acres.

TOBACCO: Acreage, yield per acre, and production in specified north temperate zone countries, average 1935-39, annual 1947, 1948 and 1949

Continent and Country	Acreage: Average 1935-39	Acreage: 1947 2/	Acreage: 1948 2/	Acreage: 1949 2/	Yield per Acre 1/: Average 1935-39	Yield per Acre 1/: 1947 2/	Yield per Acre 1/: 1948 2/	Yield per Acre 1/: 1949 2/	Production: Average 1935-39	Production: 1947 2/	Production: 1948 2/	Production: 1949 2/
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	Pounds	Pounds	Pounds	Pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
NORTH AMERICA:												
Canada	69	125	111	116	1,103	852	1,145	1,100	76,556	106,688	126,629	127,000
United States	1,647	1,853	1,555	1,626	887	1,139	1,275	1,242	1,460,054	2,110,131	1,981,730	2,018,597
Estimated total 3/	1,716	1,978	1,666	1,742	-	-	-	-	1,536,610	2,216,819	2,108,359	2,145,597
EUROPE:												
Albania	5	-	-	-	826	-	-	-	4,082	-	-	-
Belgium	6	6	4	-	2,500	2,073	1,571	-	16,431	13,355	6,314	-
Bulgaria 4/	94	115	200	-	809	920	750	-	75,871	105,821	150,000	-
Czechoslovakia 4/	5/ 24	15	16	15	5/ 1,288	1,054	1,254	1,088	5/ 31,143	16,303	20,060	16,314
France	44	72	64	72	1,676	1,606	1,666	1,600	72,995	115,062	106,592	114,639
Germany	33	-	-	-	2,254	-	-	-	74,355	-	-	-
Greece 4/	226	194	181	-	589	536	448	-	132,819	103,923	81,145	94,798
Hungary 4/	37	41	47	53	1,238	864	1,076	-	45,872	35,274	50,706	-
Italy 4/	81	145	143	124	1,173	1,043	990	1,048	95,511	151,236	158,731	129,969
Poland 4/	17	30	36	37	1,664	892	1,338	-	28,566	26,455	47,990	-
Rumania 4/	44	64	69	-	647	542	536	-	28,697	34,833	37,037	-
Spain	-	19	-	-	-	1,540	-	-	17,322	29,211	30,864	-
Sweden	1	1	1	-	1,735	1,342	1,446	-	1,061	915	974	-
Switzerland	1	3	2	2	1,571	1,975	1,917	2,095	2,276	5,735	3,834	4,189
Yugoslavia 4/	39	98	-	-	969	705	-	-	37,410	69,306	-	-
Estimated total 3/	680	825	905	920	-	-	-	-	675,000	745,000	800,000	800,000
U.S.S.R.	5/ 490	-	-	-	5/ 1,129	-	-	-	5/ 525,000	-	-	-
ASIA:												
Iran	32	38	34	-	1,096	998	734	-	34,542	37,478	24,692	-
Iraq	5/ 11	11	11	11	5/ 752	802	802	800	5/ 8,057	8,832	8,818	8,800
Lebanon 6/	5/ 13	5	5	5	5/ 699	701	634	-	5/ 8,825	3,609	3,197	-
Syria 6/		15	13	17		655	653	-		9,676	8,377	-
Turkey	194	320	262	287	661	688	673	692	128,505	220,460	176,368	198,414
China 7/	1,228	1,478	1,529	-	1,021	983	1,042	-	1,254,539	1,452,293	1,593,169	-
Japan	92	104	126	124	1,621	1,232	1,679	1,428	148,680	127,867	211,642	176,368
Korea 8/	46	40	40	49	1,252	785	1,153	1,100	57,304	31,568	45,882	54,000
Estimated total 3/	1,675	2,070	2,080	1,800	-	-	-	-	1,700,000	1,950,000	2,130,000	1,730,000
AFRICA:												
Algeria	56	72	51	-	691	495	843	-	38,667	35,551	42,990	-
Tunisia	1	2	2	3	1,196	976	-	-	1,202	1,834	-	-
Estimated total 3/	58	76	55	59	-	-	-	-	40,600	42,000	48,000	45,000
Estimated north temperate zone total 3/	4,619	5,450	5,215	5,040	-	-	-	-	4,478,000	5,325,000	5,470,000	5,140,000

1/ Some yields are calculated from detailed acreage and production estimates rather than estimates rounded to the nearest thousand. 2/ Preliminary. 3/ Totals include approximations for countries not listed and for countries listed where data are not available. 4/ Data for 1935-39 not comparable with subsequent years. Data for 1947, 1948 and 1949 are for postwar areas. 5/ Less than a 5-year average. 6/ Separate data for Syria and Lebanon not available for the 1935-39 period. 7/ Free China for 1935-39. All China except Manchuria for 1947, 1948 and 1949. 8/ All Korea for 1935-39. South Korea only for 1947, 1948 and 1949.

Office of Foreign Agricultural Relations. Official estimates of foreign countries, reports from U. S. Foreign Service Officers, results of office research, and other information.

U.S.S.R. Authentic information on tobacco production in the U.S.S.R. in recent years is not available, but unconfirmed reports indicate an output in 1949 approximately 8 percent above 1948 but about 20 percent below the prewar average production of around 525 million pounds.

Asia. Reliable estimates of China's 1949 tobacco crop are unavailable, but fragmentary reports indicate a decline of approximately 25 percent from the large 1948 production of 1,593 million pounds. Japan's 1949 crop is also expected to be below the 1948 harvest, but the indicated production for Korea is above 1948. Turkey's 1949 crop is forecast at 198 million pounds, or 13 percent above the 1948 harvest, but still 10 percent below the record 1947 outturn of 220 million pounds. For other Asia Minor countries including Iran, Iraq, Syria and Lebanon, which produce tobacco somewhat comparable in type to Turkish leaf, 1949 harvests are generally expected to approximately equal 1948 productions. For all the temperate zone of Asia, 1949 harvests are estimated at 1,730 million pounds from 1,800,000 acres. This compares with 2,130 million pounds from 2,080,000 acres in 1948 and the prewar, 1935-39, average of 1,700 million pounds from 1,675,000 acres.

Africa. The 1949 production of tobacco in the North Temperate zone countries of Africa is estimated to be somewhat below the 1948 output, largely due to less favorable weather during the growing season. The combined production of Algeria, Morocco and Tunisia is estimated at 45 million pounds from about 59,000 acres, as compared with 48 million pounds from 55,000 acres in 1948 and a 1935-39 average of about 41 million pounds from 58,000 acres.

This is one of a series of regularly scheduled reports on world agricultural production, approved by the Office of Foreign Agricultural Relations Committee on Foreign Crop and Livestock Statistics. For this report, the Committee was composed of Clarence M. Purves, Acting Chairman, Clarence E. Pike, Lois B. Bacon, Tilmer O. Engebretson, and Mary L. E. Jones.

COMMODITY DEVELOPMENTS

GRAINS, GRAIN PRODUCTS AND FEEDS

BURMA PLANTS LESS RICE BUT MAINTAINS 1949 EXPORTS

Burma's rice acreage planted in 1949-50 is reported at 20 percent less than in the year before and only 63 percent of the prewar average. The sown acreage is unofficially forecast at around 8,000,000 acres compared with 9,921,000 acres in 1948-49 and the average of 12,671,000 acres during the prewar (1935-36/39-40) period.

BURMA: Rice (milled) exports by country of destination, January-June 1949 with comparisons

Country of destination	Average 1936-1940	1946	1947	1948 1/	January-June 1/ 1948	January-June 1/ 1949
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
ASIA						
India	3,532	534	767	1,110	860	672
Ceylon	807	97	246	684	404	399
Malaya	508	267	298	443	342	259
Indonesia	2/ 156	2/ 32	2/ 106	132	114	148
Borneo	3/	2	10	23	15	3/
Hong Kong	3/	28	207	82	67	28
China	117	0	126	136	72	69
Korea	4/ 233	0	0	0	0	3/
Other countries	-	0	13	9	0	5/ 101
Total	5,353	960	1,773	2,619	1,874	1,676
EUROPE						
United Kingdom	128	0	6	76	3/	6
Other Europe	497	0	0	5	4	7
Total	625	0	6	81	4	13
Mauritius	61	0	0	25	0	0
Other countries	465	0	0	0	58	10
Total	6,504	960	1,779	2,725	1,936	1,699

1/ Preliminary. 2/ Netherlands Indies. 3/ Not separately reported. 4/ To Japan, Korea and Taiwan. 5/ Includes 28 million pounds to Philippines, 33 million to Japan and Ryukyus, and 39 million to Pakistan.

Compiled from consular reports.

Planting began in May in Lower Burma and June and July in Upper Burma, and transplanting extended through August. The Government's administrative machinery to make agricultural loans to growers reportedly has been disrupted except in the larger cities. Many villages have been burned in the Burmese-Karen warfare, and the growers have abandoned homes and fields for refuge elsewhere.

Burma's exports of the 1948-49 crop have been maintained surprisingly well so far in 1949. Exports of 224 million pounds of rice and 4 million pounds of rice bran in July brought total January-July exports to 1,927 million pounds of rice and 56 million pounds of bran. While shipping has been arranged for deliveries of 170 and 160 million pounds of rice in August and September, respectively, exports during the last half of 1949 are not expected to average more than 150 million pounds a month.

ITALIAN RICE
CROP IMPROVES

The Italian rice crop will be larger than was expected early in the season. Occasional rains and warm weather in July improved yields, following unfavorable climatic conditions in April and May. Despite efforts by growers to intensify transplantings, the 1949 rice area is 9 percent less than in 1948. The acreage planted was estimated by July 31 at 319,000 acres compared with 352,000 acres in the preceding year.

The principal reason for the acreage decline was the large stocks held over at the beginning of the season. Producers during 1948 were unable to market their export surplus at satisfactory prices. Storage facilities were heavily taxed, and it apparently was believed a large crop this year would have resulted in dumping and lower prices. Rice exports from Italy during the first 5 months of 1949 are reported at 33 million pounds in rough rice equivalent (probably about 25 million pounds of semi-milled).

SPAIN PLANTS RECORD
RICE ACREAGE

Spain planted a record rice acreage in 1949, approximately 142,000 acres compared with 137,000 acres in the preceding year. Fields on the whole as of July 21 were in good condition, and a larger harvest was predicted than in the year before.

Fertilizer supplies available for rice were slightly larger this year. Growers reportedly were allotted around 380 pounds per acre as compared with 350 pounds in 1948. It is estimated that a minimum of about 480 pounds per acre must be available before Spain reaches its former production of rice per acre. Spain's prewar yields per acre, averaging around 124 bushels of rough rice, were the largest in the world.

TROPICAL PRODUCTS

VENEZUELA'S POSTWAR COFFEE PRODUCTION STEADY

Venezuela's 1949-50 coffee production is forecast at 750,000 to 800,000 bags, according to the American Embassy in Caracas. This compares with about 800,000 bags in 1948-49, 780,000 bags in 1947-48, and 800,000 bags in 1946-47. The annual average prewar (1935-39) output amounted to 940,000 bags.

The Director of the Coffee Section of the Venezuelan Ministry of Agriculture states that the new crop of highland coffee will be well above last year's production as a result of exceptionally favorable weather prevailing in the important highland coffee growing states of Tachira, Merida, and Trujillo. On the other hand, the severe drought in the lower coffee growing states of Miranda, Aragua, and Carabobo will result in a poor crop of lowland coffee. Since the highland coffee is preferred by foreign buyers and is generally produced for the export trade rather than for local consumption, an unusually large percentage of the 1949-50 crop may be available for export. In view of the fact that the highland grades consistently command higher prices in the world market, the total financial return from the new coffee crop may be the highest in Venezuela's history.

Coffee exports from Venezuela during the first 6 months of 1949 amounted to 213,000 bags, considerably less than the 304,000 bags exported in the corresponding period of 1948. This reduction resulted mainly from the high prices obtained for coffee on the world market in 1948 which greatly stimulated Venezuelan exports and left very little carry-over to be exported this year.

Internal consumption of coffee in Venezuela is estimated currently at approximately 250,000 bags annually. A shortage of coffee for local use developed early in 1949 with a consequent rise in domestic prices of roasted coffee. This shortage will continue until the new harvest begins in October.

ANGOLA'S 1949 COFFEE CROP LARGER

Angola's 1949 coffee crop is estimated at 733,000 bags, compared with 621,000 bags in 1948, 776,000 bags in 1947, and a prewar (1935-39) average of 300,000 bags, according to the American Consulate in Luanda. The increase in the current year's production is attributed to abundant rain during the flowering season. The trees usually blossom in September at the beginning of the rainy season, and the coffee is harvested from May to July.

Coffee is Angola's most valuable export commodity. As domestic consumption amounts to around 50,000 bags annually, the 1949 crop should supply about 680,000 bags for export. Portugal, the United States, and

the Netherlands are the principal markets for coffee produced in Angola. During the past 3 years, the United States has been the destination for nearly a third of Angola's total coffee shipments of approximately 2,400,000 bags.

CACAO PRODUCTION IN
NEW HEBRIDES DECLINING

At the present time, cacao production in the New Hebrides is less than a third as high as it was before the war, according to the American Consulate in Noumea.

The cultivation of cacao was begun in the New Hebrides about 30 years ago. Production climbed rapidly, and exports of cacao beans reached a peak of 5.3 million pounds in 1927. Exports declined to an average of 4.1 million pounds annually in the period 1930-34, 3.9 million in 1935-39, and 3.4 million in 1940-44. They dropped to 2.0 million pounds by 1947 and to 1.2 million pounds in 1948.

The principal reason for the decline in cacao production is the acute shortage of labor. Cacao labor requirements are highly seasonal, and the labor has been used mainly for production of copra, which to date has been a more lucrative crop than cacao beans. At the present wages being paid labor, it is extremely costly to keep the brush and vines cleared from the planted areas, and some owners are abandoning fully developed cacao plantations and turning to other crops.

There are now about 1 million cacao trees planted on approximately 10 thousand acres. The area available for expansion of cacao production is immense. Nearly 900 thousand acres in the New Hebrides are suitable for cultivation, and much of this land could grow cacao trees. However, no new areas are being planted in cacao, and many existing cacao plantations are being badly neglected.

FATS AND OILS

ARGENTINA MAKES SIGNIFICANT
CHANGES IN OILSEED POLICIES 1/

Two significant developments have taken place in the Argentine vegetable oilseed situation. One is the Government's agreement to export flaxseed to the United Kingdom after July 1, 1950. The other is the removal of subsidies on edible oils for domestic consumption. This is expected to reverse the upward consumption trend and increase the exportable quantity of edible oils by 125,000 metric tons (138,000 short tons).

1/ A more extensive statement based on a report submitted by C. A. Boonstra, American Embassy, Buenos Aires, may be obtained from the Office of Foreign Agricultural Relations.

The Anglo-Argentine trade agreement, signed June 27, 1949, is of major significance to the oilseed trade. The United Kingdom has already purchased 40,000 metric tons (44,000 short tons) of linseed oil, which is the first large sale in the current year, and eventually may take a total of 110,000 metric tons. In an exchange of notes following the signing of the trade agreement, Argentina; after July 1, 1950, is to supply the United Kingdom a quantity of flaxseed in the proportion of 30 percent of the total aggregate value of the United Kingdom's annual purchases of Argentine flaxseed and linseed oil. This commitment will become effective earlier if Argentina previously exports flaxseed to any destination. The British were anxious to obtain flaxseed this year but Argentina would not agree until a portion of the accumulated oil had moved.

United Kingdom's purchase of 40,000 tons of linseed oil was made at 93 pounds sterling per metric ton, f.o.b. bulk at Buenos Aires. At the exchange rate of 13.53 pesos to the pound sterling the price amounts to 1.25 pesos per kilogram (16.9 U.S. cents per pound). This is a sharp drop from the previous quotation of 1.60 pesos (21.6 cents).

Argentina's problem of moving surplus edible oils into world markets during the coming year is considered solely a question of price. Markets are claimed for the quantity available for export provided that IAPI meets price competition from other sources. Provision is made in the new agreement for the United Kingdom to purchase edible oils up to a maximum value of 9 million pounds sterling. So far the price per unit has not been disclosed.

Official estimates for 1949 oilseed crops have not been released, but reliable trade sources indicate a record sunflower seed output of 1.2 million short tons. Peanut production of 132,000 tons was smaller than anticipated. Commercial cottonseed production is estimated at 200,000 tons. These crops were harvested during March-May of this year.

Planting for 1949-50 flaxseed is now in progress, but the season has not advanced sufficiently to provide much information on the prospective acreage. Last June the Minister of Agriculture asked growers to increase wheat seedings and to maintain their flaxseed plantings. The assumption is that about 3.2 million acres will be planted compared with 5 to 7 million acres in prewar years.

ANGOLA EXPECTS LARGER
OLEAGINOUS OUTPUT

Angola's production of palm oil and oleaginous materials during the 1949-50 season is unofficially forecast at approximately 82,700 short tons, according to a report from the American Embassy, Luanda. This would be a 63 percent increase over the 1948-49 output of 50,700 tons which was only 70 percent of the normal yield.

Angola produces sizeable quantities of palm kernels and palm oil, castor beans, peanuts, cottonseed, and sesame seed. As the palm tree grows wild on the coastal plain, considerable quantities of palm oil are prepared by the natives for their own use. Practically all of the palm kernels harvested are exported.

Exports of oils and oilseeds during 1948 amounted to less than 33,000 tons compared with 40,000 in 1947 and only about 16,000 prewar (see table). European countries were the principal recipients.

Commercial stocks of the 1948 crop of oilseeds are practically exhausted. Oil and oilseeds from the 1949 production are now accumulating at plantations in the interior.

Prices on shipments to Lisbon are quoted as follows: palm oil, 6.00 angolares per kilogram ($220.00 per short ton); palm kernels, 2.50 ($91.60); peanuts, 4.00 ($146.50); castor beans, 2.70 ($98.90); sesame seed 4.00 ($146.50); and cottonseed 1.10 ($40.30).

Due to expected price decreases, the Angolan Government has reduced export duties from 20 percent to 10 percent on palm oil from plantations and 15 percent on oil of native production. Steps have also been taken to amend certain legislative measures of last year which imposed special taxes on exports of oleaginous products and to decrease excess-profits taxes on exports.

ANGOLA: Exports of vegetable oils and oilseeds, 1948 with comparisons

Commodity	Average 1935-39	1945	1946	1947	1948 1/
	Short tons	Short tons	Short tons	Short tons	Short tons
Palm kernels...	6,678	12,462	14,309	15,374	9,809
Palm oil.......	3,254	8,131	16,716	13,647	9,327
Castor beans...	4,614	4,448	9,634	4,826	3,321
Peanuts........	560	453	938	1,308	3,294
Sesame seed....	2/ 778	177	1,161	846	918
Cottonseed.....	3/	55,280	1,116	4,457	6,246

1/ Preliminary. 2/ 4-year average. 3/ Negligible, if any.

American Embassy, Luanda.

PAKISTAN HARVESTS SMALLER FLAXSEED CROP

Pakistan's 1948-49 flaxseed harvest is reported at 472,000 bushels from 74,000 acres compared with 512,000 bushels, from an equivalent acreage in 1947-48. The production decrease of 8 percent, resulting entirely from decreased output in East Bengal, was due to a slightly smaller acreage, excessive rains in November, and drought thereafter.

LIVESTOCK AND ANIMAL PRODUCTS

HOG SITUATION IN ARGENTINA APPEARS BRIGHTER 1/

The Anglo-Argentine agreement signed in June of this year includes a provision for the sale of hog products and offals to the United Kingdom with definite quantities and prices to be determined by pending negotiations in London. The maximum quantity of pork to be shipped during the year, however, is based on 10 percent of the 300,000 long tons of beef and mutton established in the agreement which means that 30,000 long tons of these products would be acceptable to the British.

Obviously, it is too early to determine what effect the new export agreement will have on farrowings. Present opinion is that actual pork shipments will fall short of the new goal for at least the next two years, principally because of the relatively low number of hogs in Argentina. Trade sources indicate that exports of hog products may not begin before October of this year.

The Government recently authorized livestock producers to feed large stocks of insect-damaged corn and bran at 8 and 9 pesos ($2.38 and $2.68), respectively, per 100 kilos (220.46 pounds). Such stocks are reported to be relatively large and practically non-exportable. New corn is priced from 11 to 14 pesos ($3.27 to $4.17), respectively, per 100 kilos depending on location of grain terminal to feeder. With a surplus corn supply on hand and an export outlook for pork to the United Kingdom, the hog industry of Argentina can be expected to be considerably stimulated.

If the prices are revised upward, it is expected that the majority of hog producers will build up their breeding herds and generally step up the farrowing program. Considerable interest has been reflected at purebred sales held in connection with the Rosario livestock exposition. The small hog producers contribute about two-thirds of the hogs marketed. This group is expected to increase their herds if prices are somewhat higher, but the larger producers will require a higher price to induce them to expand their operations. The large operators' expenses and labor difficulties make operating costs higher than those of the smaller operators who utilize family labor.

U.K. LIVESTOCK NUMBERS CONTINUE POSTWAR INCREASE

Livestock numbers, except for horses, in the United Kingdom show an increase over a year earlier. Cattle and calf numbers were more than 4 percent larger than those of June a year ago and are now 16 percent above the 1936-40 prewar average. Although hog numbers were only slightly larger than the preceding year, present numbers are less than half of the 1936-40 average.

1/ Based on a report from George L. Dietz, American Embassy, Buenos Aires.

Horse numbers continue to decline and are a little over half of prewar. Sheep numbers, on the other hand, were about 7 percent higher in June of this year, but only 75 percent of prewar. Chicken numbers also continued to show a considerable increase over June 1948 and prewar numbers.

UNITED KINGDOM: Livestock numbers in June 1949, with comparisons

Classification	Average 1936-40	1946	1947	1948	1949 1/
	Thousand	Thousand	Thousand	Thousand	Thousand
Cattle	8,798	9,629	9,567	9,806	10,239
Hogs	4,380	1,955	1,628	2,151	2,181
Sheep	26,112	20,358	16,713	18,164	19,507
Horses	1,086	834	778	702	598
Chickens	69,939	61,723	64,880	79,219	88,992

1/ Preliminary

Compiled from official sources.

ARGENTINE CATTLE PRICES INCREASE

Argentine cattlemen, according to a recent report, have received the new schedule of beef prices based on the recently signed Anglo-Argentine agreement. These prices are retroactive on export deliveries to April 1 of this year. For the better quality export steers, the prices are calculated to be 74 centavos per live kilo (10 cents per pound), compared with 54 centavos (7.3 cents per pound) prevailing for the past two years.

The official schedule provides for a system of discounts for over-fat cattle. This appears to be a method by which producers are penalized for holding back stock pending the higher prices anticipated in the recent price negotiations.

Generally, it is believed that the new prices will be sufficient to maintain the industry despite the producer's contentions that the cost of production is 96 centavos (13 cents per pound). Considerable interest was evident at the annual Palermo livestock exposition where the prices paid for prize-winning cattle were much higher for similar animals than last year.

NEW ZEALAND BUTTERFAT
PRICES UP

New Zealand dairymen will receive 46.88 cents a pound for butterfat made into butter and 50.2 cents a pound for butterfat used in making cheese during the 1949-50 season effective August 1, 1949. The new price is an increase of 2.48 cents per pound higher than last season's guaranteed price. and .16 cents above the price paid during the months of June and July 1949.

The New Zealand Dairy Products Marketing Commission is paying the following prices for butter and cheese in New Zealand:

Butter- - - -	93-93½ points	42.94 cents per pound
Cheese- - - -	92-92½ points	23.64 cents per pound

FRENCH DAIRY SUPPLIES
AFFECTED BY DROUGHT

French protests against living costs have prompted the French Ministry of Agriculture to announce that immediate imports, especially of dairy products, will be made to compensate for drought-reduced domestic production.

Under existing trade agreements, some Dutch butter and cheese have been available in France. However, the following list of imports will be made in the immediate future, in an attempt to supply domestic needs and reduce prices and black market activities which have risen as a result of the short supplies.

9,200 tons of Dutch butter

4,000 tons of Dutch cheese

4,290 tons of Danish butter

800 tons of Swiss cheese

Poor pastures and a probable winter forage shortage resulting from the continued drought this summer have caused considerable liquidation of cattle. Immediate rains could give temporary relief but short winter forage supplies will cause the selling of cattle later, or substantial imports of winter feeds will be necessary.

COTTON AND OTHER FIBER

COTTON-PRICE QUOTATIONS ON FOREIGN MARKETS

The following table shows certain cotton-price quotations on foreign markets converted at current rates of exchange.

COTTON: Spot prices in certain foreign markets, and the U.S. gulf-port average

Market location, kind, and quality	Date 1949	Unit of weight	Unit of currency	Price in foreign currency	Equivalent U.S. cents per pound
Alexandria		Kantar	Tallari		
Ashmouni, Good	9-1	99.05 lbs.	"	51.95	43.32
Ashmouni, F.G.F	"	"	"	50.20	41.86
Karnak, Good	"	"	"	(not quoted)	
Karnak, F.G.F	"	"	"	(not quoted)	
Bombay		Candy			
Jarila, Fine	9-1	784 lbs.	Rupee	620.00	23.86
Broach, Fine	"	"	"	650.00	25.01
Karachi		Maund			
4F Punjab, S.G., Fine	8-31	82.28 lbs.	"	86.00	31.53
289F Sind, S.G., Fine	"	"	"	90.00	33.00
289F Punjab, S.G., Fine	"	"	"	91.00	33.36
Buenos Aires		Metric ton			
Type B	9-1	2204.6 lbs.	Peso	1/ 4000.00	54.03
Lima		Sp. quintal			
Tanguis, Type 5	8-31	101.4 lbs.	Sol	400.00	38.32
Pima, Type 1	"	"	"	475.00	45.51
Recife		Arroba			
Mata, Type 4	9-1	33.07 lbs.	Cruzeiro	205.00	33.73
Sertao, Type 5	"	"	"	200.00	32.90
Sao Paulo					
Sao Paulo, Type 5	9-1	"	"	198.00	32.58
Torreon		Sp. quintal			
Middling, 15/16"		101.4 lbs.	Peso		
Houston-Galveston-New Orleans av. Mid. 15/16"	9-1	Pound	Cent	XXXXX	29.95

Quotations of foreign markets reported by cable from U. S. Foreign Service posts abroad. U. S. quotations from designated spot markets.

1/ Nominal.

CHINESE COTTON CONSUMPTION
DECLINES IN 1948-49

Cotton mill consumption in China has been estimated at 1,850,000 bales (480 pounds net) for the 1948-49 season, or a decline from 2,030,000 bales in the previous season and 2,500,000 bales in the prewar period. These figures do not include an estimated 1948-49 consumption of 1,250,000 bales in home industries, such as hand spinning, mattresses, and padding for clothing.

The decline in cotton mill consumption has been due principally to interruptions of mill operations by military activities and the shortages of power and raw cotton. The coastal blockade by the Nationalists, disruption of river transportation by floods, and the limited capacity of the railroads have handicapped the moving of raw materials to the mills and finished goods to the interior. Financial difficulties have also handicapped the restoration of normal marketing activities.

Cotton mills in the interior have been able to maintain operations at a fairly high level due to easier access to domestic cotton supplies. The mills, however, in the Shanghai area, which has about 45 percent of China's operable spindles, face a critical situation. Due to lack of power and of raw cotton, Shanghai mills were forced to cut operations from 15 to 16 shifts early in the season to 8 shifts in June and to 6 shifts in July. Cotton consumption has been reduced from 135,000 to 142,000 bales per month to an estimated 55,000 bales in July. Latest reports indicate that still greater curtailment in operation will be necessary unless China can secure additional cotton imports to supplement available supplies until the new crop starts moving in volume in November.

Stocks of cotton in the Shanghai area on June 1, 1949, were reported at about 165,000 bales. Strong efforts are being made to secure additional old-crop cotton from the interior but considering the problems of transportation and other factors, it is estimated that hardly more than 100,000 bales of the old crop can be collected from the interior in the 2 or 3 months.

Therefore assuming cotton mill consumption of 70,000 bales in June and 55,000 in July, it is apparent that consumption must be reduced even further if more imports cannot be secured from outside sources.

The 1949-50 cotton crop, on which harvesting is just starting, is expected to be smaller than the 2,115,000 bales harvested last season. The spring drought in north China and recent floods in central China have reduced both acreage and yields in China this season. Farmers have also considered food crops more important than cotton.

In view of the short 1949-50 cotton crop, the small stocks both at mills and in the interior, the large demands of the home industries which took an estimated 1,250,000 bales in the past season, and the continued difficulties in collections and transportation, supplies of domestic cotton for the coastal mills will fall far short of requirements in 1949-50.

Without raw cotton imports it is estimated the mills will have to curtail operation in the 1949-50 season by 45 percent over last season. It is evident, therefore, that the Chinese Communists are in desperate need of additional raw cotton imports. The possibilities of supplying such needs, however, now seem meager. No appreciable fraction of the foreign exchange necessary for such purchases is in sight, and the closure of ports further hinders imports or barter exchange.

This year's reduction in food crops owing to floods and drought may make it necessary to plant more food crops next year at the expense of cotton. Thus, it seems probable China will not be able to increase its cotton acreage for at least two more seasons because of the demand on available acreage for food crops.

PHILIPPINE COTTON CONSUMPTION DROPS

Philippine consumption of raw cotton for the 1948-49 season was 3,727 bales (500 pounds gross weight) as compared to 7,131 bales for the previous season, according to Douglas M. Crawford, Agricultural Attache, American Embassy, Manila.

The reduced consumption has been blamed upon inability of the National Textile Mill to compete with imported textiles. During the last 4 or 5 months the mill has been operating at only about one-third of capacity. The Philippine Government, however, has started an investigation of the management of the mill, and it is believed the accumulation of large textile stocks in the mill warehouses may be due more to mismanagement rather than an inability to meet prices of imported goods. The National Textile Mill is expected to produce yard goods in a larger volume during the 1949-50 season, especially if import restrictions on textiles are extended.

The Philippine Government has recently let a contract for the construction of a textile plant at Narvacan, Ilocos Sur. This plant will be primarily for the production of cotton yarns for use in the home-weaving industry of the Ilocos Provinces. Apparently some of the surplus spindles in the National Development Company's plant in Manila will be used. It is hoped the establishment of a mill in Ilocos, the main cotton-growing area of the Philippines, will encourage the expansion of cotton production.

The Philippines secured most of their cotton imports from the United States in the past season. Imports in the 1948-49 season amounted to 2,790 bales and local domestic production 440 bales. Most of the local production is consumed in the homes.

ITALIAN SILK INDUSTRY PROGRESS RETARDED

Notwithstanding the general economic improvement in Italy, the Italian silk industry made little progress toward recovery during the first half of 1949, according to a recent report from the American Vice Consul at Milan.

Cocoon production during the year is expected to total about 22 million pounds compared with about 21 million (the lowest in 50 years) in 1948; 59 million in 1947; and a prewar average of 66 million pounds. Present cocoon production allows spinners work for only 3 months of the year, thus contributing to higher production costs.

The number of spinning mills which have had to shut down has increased during the first half of 1949. The relatively low cocoon production and the difference claimed between production costs and the market price of raw silk are given as the reasons for closing down. The current market price of raw silk is claimed to be approximately 18 percent below the total cost of production, including the purchase of cocoons and the process of spinning. At the end of June Italian raw silk was offered at approximately $4.00 per pound.

The Italian raw silk industry is dependent almost exclusively on domestic production of cocoons. About 2.2 million pounds of silk can be produced from the 22 million pounds of cocoons at the usual Italian ratio of 1 to 10. No additional production is expected because imports of cocoons from Turkey, Bulgaria, Greece, and Soviet Russia are no longer possible.

Italian consumption of raw silk is estimated at amounts varying from about 1 to 2 million pounds annually.

Stocks of silk were reported by the Italian National Silk Organization (Ente Nazionale Serico) as having decreased from roughly 2.5 million pounds at the beginning of 1949 to about 1.8 million by the end of June.

Exports of raw silk in the first 5 months of 1949 totaled only 303,000 pounds compared with 1,920,000 pounds during the corresponding period of 1948. Prewar exports averaged more than 5 million pounds annually. Of the 1949 exports, about 20 percent were shipped to the United States, 28 percent to Egypt, 17 percent to France, 8 percent to Switzerland, 7 percent to Argentina, 5 percent each to Pakistan and Great Britain, 4 percent each to Austria and Germany and the remaining 2 percent to various other European, Asiatic, and African countries.

Foreign trade in raw silk has suffered considerably from Japanese competition. It is reported that quotas established in trade agreements of Italy with other European countries will in many cases go unfulfilled because of the availability of cheaper raw silk from Japan. Exports to India have suffered particularly since a new Japanese exchange policy allows acceptance of pounds sterling in payment for exports from that country. The present situation does not seem encouraging for Italy as an exporter of raw silk in the future. The Government apparently is taking no definite measures at this time either to encourage or protect the industry. If conditions do not improve it is possible that the Italian position in the world raw silk industry will change from an exporting to an importing nation.

The following table shows revised Italian export data for exports of raw thrown silk by countries in 1948 compared with 1947 and 1938.

ITALY: Exports of raw thrown silk, by countries of destination, calendar years 1938, 1947, and 1948

Country of destination	Calendar years		
	1938	1947	1948
	Thousand pounds	Thousand pounds	Thousand pounds
United States	2,607	490	563
Germany	1,654	0	11
Switzerland	453	332	283
United Kingdom	157	401	35
France	129	146	371
Poland	92	0	4
Egypt	83	107	247
India and Pakistan	63	451	1,313
Argentina	43	75	198
Other countries	368	92	85
Total	5,649	2,094	3,110

In contrast with the sharp decline in exports of raw silk, there was a slight increase in exports of silk manufactures in early 1949. Silk fabrics doubled in both quantity and value in the first 3 months compared with the first 3 months of 1948. The greatest increase was in exports to the United States, but those to Egypt, France, and Canada also showed some increase in value. The greatest decrease was in exports to Argentina

Exports of silk waste in the 1949 period more than doubled in value, and there were increases also in exports of mixed silk fabrics and waste silk yarn. Silk thread was the only manufactured silk item which showed a decrease for the period.

The exports of Italian silk and silk manufacturers for the year 1948, compared with the preceding year and a prewar year, are shown in the following table.

ITALY: Exports of silk and silk manufactures, totals and to the United States, by calendar years 1938, 1947 and 1948

Commodity	Calendar years		
	1938	1947	1948
	Thousand pounds	Thousand pounds	Thousand pounds
Raw thrown silk:			
Total exported..........	5,649	2,094	3,110
United States..........	2,607	490	563
Dyed thrown silk:			
Total exported..........	47	5	9
United States..........	7	0	0
Silk waste:			
Total exported..........	1,389	302	320
United States..........	3	0	0
Waste silk yarns:			
Total exported..........	904	230	200
Bourrette yarns:			
Total exported..........	108	150	128
Sewing thread of silk and silk waste:			
Total exported..........	26	104	31
Silk textiles:			
Total exported..........	460	411	298
United States..........	55	38	107
Silk mixture textiles:			
Total exported..........	206	83	43
Other silk textiles and manufactures:			
Total exported..........	330	452	267
United States..........	54	15	84